

CONDENSED LICENSING RULES

BONA FIDE CHARITABLE / NONPROFIT ORGANIZATION – HIGHER VOLUME ACTIVITIES

WAC 230-02-155 BONA FIDE CHARITABLE ORGANIZATION

DEFINED. A bona fide charitable organization is an organization that meets all of the requirements of RCW 9.46.0209 and is organized and operated primarily to provide charitable services as defined by WAC 230-02-160. Each charitable organization shall provide evidence of its charitable status by submitting documentation setting forth the progress it has made toward accomplishing its charitable purpose(s) during its previous fiscal year. This statement and other evidence such as articles of incorporation, bylaws, and the fact that donations to such organization qualify as tax deductible contributions for federal income tax purposes, shall be taken into account when determining charitable organization status.

WAC 230-02-160 CHARITABLE DEFINED. For the purposes of this title, charitable, eleemosynary and benevolent are synonymous and mean: The relief of poverty, indigence and / or personal distress; help for disadvantaged persons; treatment and prevention of physical or mental distress. Services must be provided free of charge or for a fee which does not exceed the cost of providing the service. Any organization that requires a fee must utilize the revenue collected to continue its program services. In accordance with all state and federal law on discrimination, there can be no discrimination in providing services among those recipients chosen by the licensee. Corporations which have been incorporated under Title 36, U.S.C. for the principal purposes of furnishing volunteer aid to members of the armed forces of the United States and to carry on a system of national relief of suffering caused by pestilence, famine, fire, floods, and other national calamities or undertakes measures to prevent such are deemed to be charitable under this section. Charitable encompasses at least the following activities:

- (1) Relief of the aged and disadvantaged in the form of food, clothing, shelter, or health care;
- (2) Services or material assistance that will enable persons to maintain an adequate standard of living and / or improve their quality of life by raising their standard of living above the federal poverty level;
- (3) Programs for youths, 17 years old or younger, that assists them in learning and practicing the cultural and social skills necessary to:
 - (a) Integrate them into society;
 - (b) Improve their physical fitness; or
 - (c) Prevent delinquency;
- (4) Advancement of education and learning which benefit and improve the quality of life of the general public or the community at large;
- (5) Advancement of a religion; and
- (6) Activities which reduce the burdens of government.

WAC 230-02-161 BONA FIDE NONPROFIT ORGANIZATION

DEFINED. A bona fide nonprofit organization is a organization that meets all of the requirements of RCW 9.46.0209 and is organized and operated primarily to provide one or more of the following nonprofit services:

- (1) Educational;
- (2) Civic;
- (3) Patriotic;
- (4) Political;
- (5) Social;
- (6) Fraternal;
- (7) Athletic;
- (8) Agricultural;
- (9) Church and religious societies under chapter 24.12 RCW;

- (10) Fraternal societies under chapter 24.20 RCW;
- (11) Granges under chapter 24.28 RCW; and
- (12) Agricultural fairs under chapter 15.76 RCW or chapter 36.37 RCW.

Each nonprofit organization shall provide evidence of its nonprofit status by submitting documentation setting forth the progress it has made toward accomplishing its nonprofit purposes during its previous fiscal year. The fact that an organization is not exempt from payment of federal income taxes on income from its primary activities shall be prima facie evidence that the organization is not a nonprofit organization for purposes of conducting gambling activities.

WAC 230-02-183 ACTIVE MEMBER DEFINED. For purposes of this title, "active member" means an individual who is a "bona fide member," as defined by RCW 9.46.0261, and meets all of the requirements set out below:

Reason for joining the organization.

- (1) Did not join the organization specifically to participate in, or be an operator or manager of, gambling activities;

Ability to vote.

- (2) Is authorized to vote in the election of officers or board members who determine the policies of the organization;

Length of membership.

- (3) Has been a member for at least twelve months preceding an application for a gambling license, or has been accepted as a member according to guidelines set out in the organization's bylaws and such acceptance recorded in the official minutes of a regular membership meeting: Provided, That the minimum time provision does not apply to board members or directors if the organization's membership consists entirely of board members or directors elected or appointed for a limited term;

Membership criteria.

- (4) Complies with membership criteria, as set out in the organization's bylaws;

Location of residence and meeting attendance.

- (5) Lives within the boundaries of Washington state or, if outside the state boundaries, lives within one hundred miles of the main administrative offices of the organization which is located within Washington state or attends seventy-five percent of board meetings: Provided, That the director may waive the requirements of this subsection for organizations applying for a license to conduct raffles only;

Age limit.

- (6) Is at least eighteen years old: Provided, That the director may waive this provision when:

- (a) The organization's primary purpose is the development of youth;
- (b) The organization is applying for a license to conduct only raffles or amusement games;
- (c) The organization has at least three members or advisors that are at least eighteen years of age who supervise the operation of the activity; and
- (d) One of the adult members or advisors shall be designated as the manager of the activity. This member shall be responsible for ensuring that all activities are operated in accordance with all requirements of the commission and shall attend training required by WAC 230-04-020;

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Member participation.

(7) Has participated directly in the activities conducted by the organization over the past twelve months. For purposes of this section, participation by a member in any of the following activities during the twelve-month period immediately preceding an application for certification shall be prima facie evidence of direct participation:

- (a) Attended at least one regular membership meeting; or
- (b) Voted in person or, if authorized by the organization's bylaws, by proxy at a meeting at which officers and/or board members were elected; or
- (c) Has been actively involved in policy setting for the organization by serving as a member of the board of directors or a similar policy setting position; or
- (d) Has paid dues imposed by the organization; or
- (e) Has served as a volunteer providing services or raising funds from nongambling sources; or
- (f) Has maintained a level of communications with the organization that would allow them to demonstrate in-depth knowledge regarding the activities of the organization. In-depth knowledge would include:
 - (i) The types of program services provided;
 - (ii) The scope of program services provided;
 - (iii) Sources and levels of funding available to the organization; and
 - (iv) Key plans, including major programs and capital projects.

Cities and towns exempted.

(8) Incorporated towns or cities applying for a license to conduct gambling activities are exempted from all requirements of this section. The citizens of an incorporated town or city, who are registered to vote in the election for the mayor or governing body of such town or city, are deemed to be "active members" of such towns and cities.

WAC 230-04-005 GAMBLING LICENSE CERTIFICATION PROGRAM. The gambling license certification program is an investigative licensing process in which all applicants are assessed and evaluated against the standards and requirements contained in chapter 9.46 RCW. All applicants that meet the qualifications for licensing will be certified by the commission for an initial license and are subject to recertification by the commission on an annual basis.

WAC 230-04-010 CERTIFICATION PROCEDURE – APPLICATION FORMS. Each application for a license from the commission shall be submitted on the license application form approved by the commission. These application forms may be obtained from any office of the commission.

WAC 230-04-020 CERTIFICATION PROCEDURE – GENERAL REQUIREMENTS – MANDATORY TRAINING REQUIRED. Applicants for license from the commission shall submit all applications, including the proper fee, as established by WAC 230-04-202, 230-04-203 or 230-04-204 to the administrative office of the commission in Lacey. The application process is as follows:

- (1) The application shall be made using a form provided by the commission. The application form must be completed in every respect, containing all the information and attachments requested;
- (2) The application shall be signed under oath by an individual attesting that the information set forth in the application and any accompanying materials is true, accurate and complete

and that they assume full responsibility for the fair and lawful operation of all licensed activities that the applicant conducts. The following person(s) shall sign the application:

- (a) The highest ranking officer/official of a charitable, nonprofit or profit seeking corporation;
- (b) The principal owner of a sole proprietorship;
- (c) All partners of a partnership or general partner of a limited partnership; and
- (d) The mayor or the mayor's designated representative if the application is being submitted by or on behalf of an incorporated city or town.
- (e) The director may also require the following persons to sign the application:
 - (i) The chairman of the board of directors or trustees;
 - (ii) The person in charge of financial records; and/or
 - (iii) Persons with a substantial interest in the applicant business or charitable/nonprofit organization.

(3) The commission will consider only those applications that have been fully completed. Failure to respond to written notification of an incomplete application, within twenty days of such notice, shall be cause for administrative closure of the application. The following reasons will cause an application to be incomplete:

- (a) Failure to provide all information requested on the application form and/or attachments;
- (b) Failure to provide supplemental information requested during the licensing investigation;
- (c) Failure to attend mandatory prelicensing training;
- (d) Failure to provide fingerprints or samples of handwriting; and
- (e) Failure to submit proper fees.
- (4) The commission may disclose to the public or discuss at a public meeting all information set forth in the application and all supplemental information submitted subject to the exemptions in chapter 42.17 RCW and other applicable laws including, but not limited to, chapter 10.97 RCW: Provided, That consistent with chapter 10.97 RCW, the commission may disclose conviction data of an applicant or licensee.

(5) The commission shall not issue a license until it is satisfied that the applicant is completely qualified to operate the activity for which a license is requested. Prior to issuing a license, the commission will:

- (a) Conduct a review and investigation of all information available, whether submitted as a part of the application or otherwise obtained, to the degree deemed necessary to attest to the qualification of the applicant and the gambling premises; and
- (b) Require all persons who sign the application, as set out in subsection (2) of this section, plus the manager or other designated person(s) responsible for conducting the gambling activity or completing records, to complete a training course as established and provided by the commission: Provided, That mandatory training shall not be required for manufacturers; manufacturers representatives; or applicants or licensees with special circumstances as approved by the director. Mandatory training shall be completed within the following time lines:
 - (i) New applicants - Within sixty days of application and prior to being granted a license: Provided, That cardroom employees and bingo managers must attend training no later than thirty days after the first day of work;
 - (ii) Annual recertification - no later than sixty days after the effective date of the license: Provided, That only those person(s), as set out in subsection (2) of this section, which are newly designated to sign the application since the last license application shall be required to attend training if they have not attended within the previous three years; and

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(iii) Changes to managers or other designated persons responsible for conducting gambling activities or completing records - no later than sixty days after the first day of work.

WAC 230-04-022 CERTIFICATION PROCEDURE – INFORMATION REQUIRED FROM ALL APPLICANTS. In addition to other information required by the commission, each applicant shall provide the following information on or attached to the application:

Articles of incorporation and bylaws.

(1) Copy of corporate applicants' articles of incorporation and bylaws; or, if not a corporation, a copy of any bylaws and other documents which set out the organizational structure and purposes of the organization;

IRS tax exemption letter.

(2) A copy of a nonprofit or charitable applicant's Internal Revenue Service tax exemption letter if one has been obtained;

Lease or rental agreements.

(3) Details and copies of all lease or rental arrangements, whether oral or written, between the applicant and the owner of premises upon which the gambling activity will be conducted, if such premises are leased or rented;

Franchise agreements.

(4) Details and copies of any and all franchise agreements or other agreements, whether written or oral, if any, between the applicant and distributors or manufacturers of equipment or between the applicant and any other person where those agreements relate to gambling activities or gambling equipment;

Management agreements.

(5) Details and copies of all proposed management agreements or contracts between the applicant and any gambling service supplier involved in providing services defined in WAC 230-02-205. All such agreements or contracts shall be reviewed by commission staff prior to the effective dates of the agreements to assure compliance with this title. No financing or management services shall be provided prior to commission approval of the contracts;

Paid employees or agents.

(6) The name, address, date of birth, and Social Security number of each paid employee or agent who will work in the activity for which the license is sought and a schedule of the proposed number of employees, job descriptions, and a proposed pay schedule;

Substantial interest holders.

(7) Sufficient personal information to ensure each substantial interest holder as defined by WAC 230-02-300 is qualified to hold a license or participate in a licensed or authorized gambling activity;

Report changes to application.

(8) If any information required on the application, changes or becomes inaccurate in any way, the commission shall be notified prior to issuance of a license. Failure to notify the commission of any changes affecting an application may constitute grounds for suspension or revocation of all licenses.

Exceptions for cities and towns.

(9) Subsections (1), (2), and (7) of this section shall not apply to applications by or on behalf of an incorporated city or town in the state of Washington.

WAC 230-04-024 BONA FIDE CHARITABLE OR NONPROFIT ORGANIZATIONS – MINIMUM QUALIFICATIONS – RESTRICTIONS – DEFINITIONS. All organizations requesting to be certified to conduct gambling activities for charitable or nonprofit purposes must provide conclusive evidence that they are qualified under the requirements of RCW 9.46.0209 and formed and operated for purposes other than to conduct gambling activities. Each applicant shall comply with all of the following requirements and restrictions:

(1) An organization must be a bona fide charitable or nonprofit organization and have been formed and operated for the following purposes in order to conduct gambling activities:

(a) Any organization duly existing under the provisions of chapters 24.12, 24.20, or 24.28 RCW;

(b) Any organization, whether incorporated or not, which has been formed and operating exclusively for one or more of the purposes set out in WAC 230-02-155 and / or 230-02-161;

(c) Any corporation which has been incorporated under Title 36 U.S.C. and whose principal purposes are to furnish volunteer aid to members of the Armed Forces of the United States and to carry on a system of national and international relief to reduce the suffering caused by pestilence, famine, fire, floods, and other national calamities;

(d) An incorporated city or town in the state of Washington; or

(e) A branch or chapter of a parent organization, when such parent organization is itself eligible for licensure. A branch or chapter must demonstrate to the satisfaction of the commission that it has not been formed and operated for purposes of conducting gambling activities and is in its own right qualified to obtain the license sought. The director may require an affidavit signed by the chief executive officer of the parent organization certifying that the branch or chapter is a bona fide subdivision of the parent organization.

(2) An organization must have been organized and continuously operating for at least twelve months prior to submitting a request to be certified. For purposes of this section, "continuously operating" means that during the immediate twelve months preceding the request, the organization has provided services to members or the public which directly relate to its stated purposes: *Provided*, That if the organization's sole function during the immediate twelve months has been fund-raising for purposes of providing future services, it may be deemed to have been "continuously operating" for purposes of this section;

(3) An organization must have at least fifteen active members as defined by WAC 230-02-183, each with an equal vote in elections of officers or board members who determine the policies of the organization;

(4) An organization must have demonstrated that it has made significant progress, measured as set forth in WAC 230-08-255, toward meeting its stated purposes during the twelve consecutive month period preceding a request to be certified;

(5) An organization must ensure that salaries or wages, if paid, are:

(a) Necessary to economically conduct the activities of the organization; and

(b) Reasonable when compared to the local prevailing wage scale for similar positions. For purposes of this section, "similar position" means a type or classification of position that has a

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predominance of characteristics, duties, and / or responsibilities that closely approximate those of the position being compared and which the scope of duties and responsibilities are at the same approximate level. Organizations that pay salaries or wages, that are not reasonable when compared to similar positions in the general area of employment, shall be deemed as paying salaries and wages that are directly or indirectly based on gambling receipts received.

(6) An organization must take positive steps to ensure the assets of the organization are protected from misuse, dedicated solely to the purposes of the organization, and do not inure to the benefit of private individuals;

(7) An organization must provide in its bylaws or, if incorporated, in its articles of incorporation, a statement that upon dissolution all assets of the organization remaining after satisfaction of all its debts must be distributed to another bona fide nonprofit or charitable organization qualified under RCW 9.46.0209;

(8) An organization shall not accumulate excessive reserves, as defined in WAC 230-02-137. Organizations accumulating excessive reserves may be deemed as organized primarily for purposes of gambling. Reserves shall be computed by utilizing the most recently filed financial data, as required by WAC 230-08-122. Funds transferred to an endowment or specifically restricted trust fund will not be treated as reserves for purposes of this section if the following restrictions are observed:

(a) The endowment or specifically dedicated trust fund is either legally irrevocable or restricted in a manner that approval is required by a majority of the membership prior to use or transfer of the principal or corpus;

(b) The funds are expressly dedicated for funding new programs, capital projects, or to endow service provided activities;

(c) The funds are saved according to a plan that includes the amount to be reserved, the purpose for which the funds are being reserved, and the estimated time the reserves will be used;

(d) The plan is approved by the organization's officers or board of directors and documentation pertaining to the endowment or trust fund is submitted to the commission for review and approval; and

(e) The total amount of gambling income that is transferred to endowment or trust funds, in combination, does not exceed two million dollars: *Provided*, That an organization may petition the director to exceed this limitation. The director may approve the petition as requested, disapprove with written comments, or approve a modified level based on facts presented. The director's decision may be appealed to the commission. Appeal of this decision will be heard at a regular public meeting of the commission under the requirements of WAC 230-50-850. The commission's decision shall be final. Petitions for relief under this section shall include: The reason for the request, including whether the increased reserves are for charitable or nonprofit purposes and planned time-lines for use; the total amount of reserves requested; the impact on programs if the petition is denied; and alternative sources of funding available;

(9) An organization must maintain records to support compliance with the requirements of this section. Such records shall be completed per WAC 230-08-010, and include details necessary to allow reasonable confirmation of compliance by commission staff. At least the following records shall be maintained:

(a) Official minutes of all membership and board meetings including issues discussed, decisions made, and members in attendance;

(b) A listing of the names of all members. Full names, addresses, telephone numbers, and the dates they became a member must be provided for all "active members";

(c) A copy of the most recently approved articles of incorporation and bylaws; and

(d) All correspondence with the Internal Revenue Service and the secretary of state regarding the organization's status as a nonprofit organization.

(10) Incorporated cities or towns, authorized by subsection (1)(d) of this section, are exempted from the requirements of subsections (5), (6), (7), (8), and (9) of this section.

WAC 230-04-030 COMMISSION MAY POST PUBLIC NOTICE OF LICENSE APPLICATION ON PREMISES. The commission may, at its discretion, place, or require to be conspicuously placed, a notice upon each premises upon which a gambling activity is to be conducted under a license for which application has been made. The notice shall advise the public that such license has been requested and that any comments persons wish to make concerning the license application, or the propriety of granting such a license to the applicant(s), or for those premises, may be made to the commission prior to a date certain.

The applicant(s) shall take all reasonable measures to insure that the notice remains posted thereafter until the last day set forth thereon for making comment and shall report to the commission forthwith if said notice has been removed prior to that date.

WAC 230-04-035 CERTIFICATION PROCEDURE – CHARITABLE AND NONPROFIT ORGANIZATIONS – CLASSIFICATION OF PURPOSE. (1) Each organization requesting a license to conduct gambling shall be classified as either a "charitable organization" or a "nonprofit organization." The classification will be based upon an organization's primary purpose as set forth below:

(a) If an organization is classified as a "charitable organization," its primary purpose shall be charitable as defined in WAC 230-02-160.

(b) If an organization is classified as a "nonprofit organization," it will be assigned one or more of the purposes set forth in WAC 230-02-161 as its primary purpose(s).

For the purposes of this classification, the term primary purpose shall mean the lawful purpose to which a majority of an organization's fiscal year income was spent or dedicated. If an organization did not use a majority of its income for any single purpose, the purpose to which the greatest percentage of its income was devoted shall be an organization's primary purpose.

(2) In determining an organization's primary purpose, the commission staff shall review the organization's declaration of purpose, reported achievements, and expenditures made during the preceding twelve months.

(3) An organization may challenge its assigned purpose, by submitting to the director additional evidence supporting its choice. The director shall then issue a written decision as to the organization's primary purpose. The director's decision may be reviewed by the commission upon written request.

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WAC 230-04-040 CERTIFICATION PROCEDURE – CHARITABLE AND NONPROFIT ORGANIZATIONS – ADDITIONAL INFORMATION REQUIRED.

Any organization not currently licensed to conduct gambling activities and requesting to be certified to conduct gambling activities in Group III, IV, or V, or planning to pay premises rent exceeding two thousand dollars per month, including all terms, shall submit a pro forma plan of operations, including a market study. The plan shall be detailed enough to allow commission staff the ability to assess the profitability of the planned gambling activity and potential for compliance with WAC 230-20-059 and 230-30-052. The plan shall include at least the following information, if applicable:

- (1) Research procedures and planning assumptions used;
- (2) Planned number of customers or attendance;
- (3) Days and hours of operations;
- (4) If planned activities include bingo, the following must be provided:
 - (a) Anticipated market area and map of competing organizations that operate similar gambling activities, along with their days of operation;
 - (b) Number of bingo sessions;
 - (c) Bingo card prices and estimated sales per player;
 - (d) Bingo prize payouts and game schedules;
 - (e) Estimated gross gambling receipts from each activity;
 - (f) Estimated expenses and net income;
 - (g) Details of income generating activities planned in conjunction with the gambling activity, such as snack bar operations or other retail sales and the anticipated net income from such activities; and
- (8) Other information requested by commission staff.

WAC 230-04-064 CERTIFICATION OF NEW LICENSES – FORMAL COMMISSION APPROVAL. The commission shall review and make a determination regarding the qualification of all persons or organizations requesting to operate gambling activities authorized by chapter 9.46 RCW. The following review procedures apply to applicants for a license:

Procedures.

- (1) To determine if an individual, organization, and all other applicants for a gambling license are qualified to hold a license, staff shall:
 - (a) Investigate the qualifications of each applicant;
 - (b) Prepare a recommendation for the commission; and
 - (c) Present the recommendation to the commission at a public meeting.

Additional requirements for charitable organizations.

- (2) As part of the review process, bona fide charitable or nonprofit organizations shall clearly demonstrate that progress has been made in meeting its stated purpose(s) in order to be granted the privilege of raising funds from authorized gambling activities.

Formal commission approval.

- (3) The commission shall review each application at a public meeting. Each qualified applicant shall be issued the license requested. If the commission does not approve the application, it shall be returned to staff for further investigation.

WAC 230-04-070 ACTIVITIES NOT TO BE CONDUCTED WITHOUT A LICENSE OR PERMIT. No activity for which a license or permit from the commission is required under chapter 9.46 RCW or commission rule shall be conducted or performed, or allowed to be conducted, played or performed, on any

premises unless the operator of, or person conducting or performing, the activity first obtains the appropriate license or permit from the commission.

WAC 230-04-145 LICENSING OF CHARITABLE OR NONPROFIT GAMBLING MANAGERS – APPLICATION PROCEDURES.

Each charitable or nonprofit organization licensed to conduct gambling activities shall designate gambling managers who will be responsible to the officers or board of directors for the proper conduct of the activity and safeguarding of all funds generated by such. An individual may be designated as the gambling manager for more than a single activity if so noted on the application for each activity. No person shall perform the duties of a gambling manager, as set out in WAC 230-12-079, unless they have been approved by the commission. Applicants for a license to perform duties of a gambling manager shall comply with the following procedures:

Who must apply for a charitable or nonprofit gambling manager license?

- (1) Gambling managers responsible for the following functions of a charitable or nonprofit organization shall be licensed by the commission:
 - (a) Primary manager of Class D and above bingo games;
 - (b) Primary manager of Class C and above punchboards and pull tabs;
 - (c) Any employee responsible for supervision of gambling managers required to be licensed by (a) or (b) of this subsection;
 - (d) The employee assigned the highest level of authority by the officers or governing board of directors to manage the day-to-day affairs of the organization and who is responsible for safeguarding assets purchased with gambling funds or managing the disbursement of gambling funds when:
 - (i) The organization is licensed to receive more than three hundred thousand dollars in gross gambling receipts; or
 - (ii) The organization has an established trust and / or endowment fund and gambling receipts in excess of one hundred thousand dollars have been contributed to such funds; and
 - (e) An employee responsible for supervision of the operation of progressive jackpot pull tab games, as authorized in WAC 230-30-025.

What must I do if I wish to begin work as a gambling manager before I have received my permanent license?

- (2) Prior to performing duties as a licensed gambling manager, each applicant shall:
 - (a) Submit a completed application to the commission on or before the first day the applicant begins working: *Provided*, That an applicant shall not perform any of the duties of a gambling manager prior to issuance of a license by the commission if one or more of the following conditions exist:
 - (i) The applicant has been previously denied a license or had a license suspended or revoked by the commission;
 - (ii) The applicant has been served administrative or criminal charges and such charges are pending at the time of the application;
 - (iii) The applicant has been convicted of, or forfeited bond upon a charge of, or pleaded guilty to any offense set forth in RCW 9.46.158; or
 - (iv) The applicant has violated, failed, or refused to comply with provisions, requirements, conditions, limitations, or duties imposed by chapter 9.46 RCW or any rules of the commission.
 - (b) Complete a training course provided by the commission within thirty days after the first day worked as required by WAC 230-04-020. Individuals that have been performing duties or

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assigned responsibilities that require a gambling manager license under this section, for at least ninety days prior to the effective date of this section, may be exempted from such training by the director. Types of training required:

(i) Individuals applying for a license under the provisions of subsection (1)(a), (b), or (c) of this section shall attend training for each gambling activity for which they have been assigned primary or secondary oversight responsibility; and

(ii) Individuals applying for a license under the requirements of subsection (1)(d) of this section shall attend training related to safeguarding assets and proper uses of gambling funds.

(3) If an applicant elects to perform the duties of a charitable or nonprofit gambling manager prior to receiving a permanent license as authorized under the provisions of paragraph (2) above the commission shall retain the entire application fee regardless of the disposition of the application.

What must the application contain?

(4) Each application shall be submitted as specified in WAC 230-04-020, and signed by both the applicant and the highest ranking executive officer of the organization;

For how long will a gambling manager license be valid?

(5) A gambling manager license shall be valid for a period not to exceed one year beginning on the date of issuance or the date the application was submitted if the applicant began working prior to licensure, as authorized by subsection (2)(a) of this section, whichever occurs first: *Provided*, That should a licensed gambling manager's employment with the organization listed on the license application be terminated, for any reason, the license shall become immediately void. This individual must reapply for a license prior to performing gambling manager duties for any other charitable or nonprofit organization. Prior to granting a license to a previously licensed gambling manager, the commission shall conduct an investigation to determine the continued qualification of the individual. Such investigation may include inquiries to the previous employer;

What are the fees governing this type of license?

(6) The fee for this license shall be as required by WAC 230-04-204: *Provided*, That if an applicant is changing employment from one licensee to another prior to the expiration date as specified in subsection (4) of this section, the fee shall be as required for license renewal;

Can an organization have more than one gambling manager?

(7) An organization may appoint more than one gambling manager who is responsible for supervising bingo games or punchboard and pull tab operations. The manager assigned the highest level of authority for each specific activity shall be designated on the application as the "primary gambling manager" and all others as "assistant gambling managers."

WAC 230-04-147 NOTIFICATION TO THE COMMISSION UPON BEGINNING, TERMINATING OR CHANGING RESPONSIBILITIES OF CHARITABLE OR NONPROFIT GAMBLING MANAGERS. A charitable or nonprofit organization shall notify the commission in writing when a gambling manager has been assigned primary responsibility for the operation of any gambling activity or disbursement of funds, or has terminated employment and / or responsibilities for any reason. Individuals required to be licensed shall immediately submit an application for a license, as required by WAC 230-04-020 and 230-04-145. The following procedures shall be followed for notification of changes

in responsibilities of gambling managers that do not require an application:

(1) The notification shall be in writing and include:

(a) The full name and date of birth of the gambling manager;

(b) The date the gambling manager was assigned new responsibilities or the date employment and / or responsibilities terminated; and

(c) A full description of the change in duties and / or responsibilities;

(2) The notification shall be signed by the highest ranking elected officer or the individual assigned the responsibility of supervising the gambling manager;

(3) The notification shall be made immediately and must reach the commission's headquarters office in Lacey not later than 5:00 p.m. on the tenth day following the person's first day of work or last day of work, as applicable. If the tenth day falls on a Saturday, Sunday, or state holiday, it shall be due upon the next following business day.

WAC 230-04-151 SUPPLEMENTAL INFORMATION. In addition to the application form the applicant or licensee shall submit any supplemental information requested by the commission to the commission within thirty days following the date of issuance of the request or within such other time as the commission may direct. Failure to timely submit any of the requested supplemental information to the commission shall be grounds for denial of the license sought, and for revocation of any licenses held.

WAC 230-04-175 LICENSE DOES NOT GRANT VESTED RIGHT. The issuance of any license by the commission shall not be construed as granting a vested right in any of the privileges so conferred.

WAC 230-04-180 BACKGROUND CHECKS – FINGERPRINTING. The commission may require background checks prior to issuing any license, certification or permit, on persons holding an interest in a gambling activity; persons holding an interest in a building or equipment used for a gambling activity; and employees of a gambling activity.

(1) A national criminal history background check, using fingerprints submitted to the United States Department of Justice - Federal Bureau of Investigation, shall be conducted to determine the qualifications of applicants for the following licenses, permits or certifications:

(a) Amusement games for commercial use: Class E and above;

(b) Card games: Class E, Class F and house-banked card rooms;

(c) Punch boards/pull-tabs for commercial stimulant: Class F and above;

(d) Manufacturers: Class B and above;

(e) Distributors: Class B and above;

(f) Gambling service suppliers;

(g) Representatives for distributors, manufacturers, gambling service suppliers, and linked bingo prize providers;

(h) Managers of commercial gambling operations;

(i) Public card room employees; and

(j) Linked bingo prize providers.

(2) The commission may require a national criminal history background check, using fingerprints submitted to the United States Department of Justice-Federal Bureau of Investigation, for any other person submitting information to the commission.

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WAC 230-04-190 ISSUANCE OF LICENSE – EXPIRATION – RESTRICTIONS. The commission may only issue a license to qualified applicants. All licenses are issued subject to the following restrictions:

(1) The commission may issue the following licenses:

(a) **Charitable and nonprofit organizations and agricultural fairs.** The commission may issue a license to qualified bona fide charitable or nonprofit organizations or to qualified agricultural fairs to operate each of the following activities upon a specified location:

- (i) Bingo;
- (ii) Raffles;
- (iii) Amusement games;
- (iv) Punch boards and pull-tabs;
- (v) Social card games; and
- (vi) Fund raising events as defined in RCW 9.46.0233:

Provided, That any agricultural fair authorized under the provisions of chapter 15.76 or 36.37 RCW is prohibited from conducting fund raising events.

(b) **Commercial amusement games.** The commission may issue a separate license to any person to operate amusement games at one or more of the locations listed in WAC 230-04-138.

(c) **Commercial stimulant card games.** The commission may issue a license to any person operating a business primarily engaged in the selling of items of food or drink for consumption on the premises to allow a specified portion of a specified premises to be used by persons to play authorized card games.

(d) **Public card room employee.** The commission may issue a license to any person to perform duties in a public card room.

(e) **Commercial stimulant punch boards and pull-tabs.** The commission may issue a license to a person operating a business primarily engaged in the selling of items of food or drink for consumption on the premises to operate punch boards and pull-tabs upon specified premises.

(f) **Manufacturers and distributors of gambling equipment and paraphernalia.** The commission may issue a separate or combination license to the following:

- (i) Manufacturers of punch boards, pull-tabs, devices for the dispensing of pull-tabs, bingo equipment, and other gambling equipment, supplies, and paraphernalia; and
- (ii) Distributors of punch boards, pull-tabs, devices for the dispensing of pull-tabs, bingo equipment, and any gambling equipment, supplies, or paraphernalia for use in connection with authorized activities.

(g) **Representatives of manufacturers or distributors.** The commission may issue a separate license to a representative of a manufacturer or distributor to engage in the sale and distribution of gambling equipment and paraphernalia.

(h) **Recreational gaming activity permit.** The commission may issue a permit to an organization that has been in existence for at least six months to conduct a recreational gaming activity as defined by WAC 230-02-505.

License expiration.

(2) Each such license shall be valid for the period of time or the level of gross gambling receipts set forth on the license. In no case shall the time period exceed one year from the date that such license is issued: Provided, That license expiration dates may be adjusted by commission staff to schedule workload. Organizations licensed for more than one activity may have all expiration dates adjusted to end on the same day. Whenever license expiration dates are adjusted under this provision, the required fee shall be prorated by the commission. The prorated

fees shall be computed on a monthly basis (i.e., one-twelfth of the annual payment per month) and subtracted from the regular annual fee. A prorated fee will be based on the number of whole months remaining upon approval of a license. For purposes of computing fees under this section, any part of a month in which the activity is authorized to be operated shall be deemed to be a whole month. Any difference between the required fee which exceeds twenty dollars, shall be refunded to the applicant. Specific expiration dates are as follows:

(a) Licenses issued to conduct any authorized activity in connection with and upon the site of a qualified agricultural fair, qualified community-wide civic festival, qualified world's fair, or qualified civic center shall be valid only for the duration of the fair or festival, or, in the case of an activity at a civic center, for the seasons during which the civic center is operating and open to the public. In no event shall such license exceed one calendar year.

(b) A license issued to conduct a raffle in connection with a qualified agricultural fair, qualified community-wide civic festival or qualified world's fair shall be in effect from the date the license was issued through the conclusion of the fair or festival;

(c) A license issued to conduct a card tournament shall be valid only for the duration of the tournament, but in no event shall exceed ten consecutive days;

(d) A license issued to conduct a fund raising event shall be valid only for the place and time set forth in the application or otherwise approved by the commission. The number of events permitted under the license in any calendar year is subject to the limitations set out in RCW 9.46.0233 defining a fund raising event:

Provided, That a fund raising event license shall allow an organization to have possession of gambling equipment authorized for use at a fund raising event for a period of one year beginning on the day of the event and to rent such for up to four occasions per year to other organizations licensed to operate fund raising events;

(e) A license issued to an individual shall be valid for a period not to exceed one year from the date the individual was assigned duties requiring a license, the date the license was actually issued, or as set forth elsewhere in this title, whichever occurs first: Provided, That a charitable or nonprofit gambling manager or distributor representative license shall become void upon a change of employer; and

(f) A bingo license that has been limited under the restrictions of WAC 230-20-062 shall expire when the level of authorized gross gambling receipts is reached. A license that expires under this subsection shall not be granted an increase in license class for the current license period until all requirements of WAC 230-04-260 have been met or the commission grants an increase in license class under procedures set forth in WAC 230-20-062.

Reinstating expired licenses.

(3) If any licensee fails to submit a properly completed application and all applicable fees prior to the normal expiration date, the license shall expire and the operation of the applicable activity must immediately cease. When a license expires, a new application must then be submitted and a prelicensing evaluation/investigation to the extent deemed necessary by the director will be completed prior to granting a license: Provided, That if a properly completed renewal application and fees are received at the commission headquarters office within the fourteen-day period following the expiration date, the commission may reinstate the license using normal renewal procedures. Reinstating a license under this provision does not, in any case, grant authority to operate the activity during the period between the normal expiration date and the date of reinstatement.

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Two-part payment plan for license fees.

(4) The commission may allow an applicant renewing an annual license or applying for an additional license to pay the license fee in two payments under the following conditions:

(a) The license fee is at least eight hundred dollars;

(b) The applicant pays an administrative processing fee as set forth in WAC 230-04-202 or 230-04-203, plus one-half of the annual license fee at the time of application or renewal;

(c) Licenses issued under the two-payment plan shall be issued with an expiration date as determined by subsection (2) of this section and a second-half payment due date. If the second-half payment is received on or before the due date, the license will remain in effect until the expiration date. If the licensee fails to submit the second-half payment prior to the due date, the license shall expire and all operations of the activity must stop; and

(d) Gross gambling receipts during the first-half payment period must not exceed fifty percent of the authorized class limitation for annual gross gambling receipts. Licensees whose gross gambling receipts exceed fifty percent of the authorized level shall be required to apply for a license at the appropriate license class as required by WAC 230-04-260 and pay the full upgrade fee, plus an administrative processing fee, as set forth in WAC 230-04-202 and 230-04-203.

Conditions of license issuance.

(5) All activities so licensed are licensed subject to compliance with all of the applicable provisions of chapter 9.46 RCW, including any amendments thereto, all applicable rules and regulations passed by the commission, all other applicable laws of the United States, the state of Washington and all political subdivisions of the state of Washington which include but are not limited to the following:

- (a) Business licenses or permits;
- (b) Health certificates;
- (c) Fire inspections;
- (d) Use and occupancy permit; and
- (e) Liquor license or permit.

WAC 230-04-210 WITHDRAWAL OF APPLICATION. An application for any license may be withdrawn by the applicant by submitting to the commission a written notice of withdrawal of the application. To be effective, such written notices must be actually received in the office of the commission in Olympia by 5:00 p.m. the day prior to issuance or denial of the license by the commission or its delegate.

The fact that an application for a license has previously been withdrawn shall not prejudice any future application for a license from the commission.

WAC 230-04-220 PRORATING AND REFUNDING OF FEES. (1) Unless otherwise provided by law, there will be no prorating or refunding of any license fee subsequent to issuance of a license or permit for the following actions:

(a) Discontinuation of business;

(b) Voluntary surrender of a license or permit; and

(c) When a license or permit has been suspended, revoked, or otherwise canceled.

(2) Upon denial, voluntary withdrawal or administrative closure of an application for license, adoption or change of trade name, or change of location, the commission shall retain that portion of the fee tendered therewith as is necessary to offset its costs of processing and investigating the application: Provided, That the commission shall retain the entire fee when an individual

license applicant performs any or all portions of the duties for which a permanent license is sought.

WAC 230-04-240 SPECIAL INVESTIGATION FEE. In addition to the basic license or permit fees, the commission may require payment of such additional license fees as are necessary to defray the costs of background investigations of applicants for whom adequate background information sources are not readily available, including, but not limited to, applicants who have not resided in the state of Washington for at least one year. The commission may require payment of the estimated additional license fee in advance as a condition precedent to beginning the investigation.

The commission shall notify the applicant as soon as possible after it makes the determination that such additional fee is necessary and shall further notify the applicant of the commission's best estimate of what such additional license fee will be: *Provided*, That such estimate shall not be binding upon the commission. Any applicant may then withdraw his application if he so chooses, as provided under WAC 230-04-210 and 230-04-220.

WAC 230-04-255 DIRECTOR MAY ISSUE TEMPORARY LICENSES – PROCEDURES – RESTRICTIONS. The director may issue a temporary license upon the administrative approval of the application. The following procedures apply to temporary licenses:

(1) Temporary licenses shall allow an applicant to conduct such activity for a period not to exceed sixty days.

(2) If the application is not approved by the commission during the sixty day period, the temporary license shall become void: *Provided*, That if the commission does not conduct a meeting within the sixty-day period, the director may approve an additional temporary license to expire no later than the day following the next scheduled public meeting;

(3) Once approved by the commission, a temporary license will be replaced with the issuance of a license to expire one year from the initial date of the temporary license.

WAC 230-04-260 EFFECT OF EXCEEDING LICENSE CLASS INCOME LIMIT – PROCEDURES – PENALTIES. During any annual license period, a licensee shall not exceed the gross gambling receipts limits set forth on the license, except as authorized by this section. The following procedures, limitations, and penalties apply to licensees that exceed limits for any license.

Anticipating gambling receipts limit will be exceeded.

(1) Each licensee shall monitor the level of gross gambling receipts received from each gambling activity. When a projection of year-to-date receipts, as applied to the remaining period of the license, indicates that it is reasonably likely that a license will be exceeded, the licensee shall immediately comply with the following:

(a) Apply for a license that authorizes the anticipated level of gross gambling receipts; and

(b) Submit the basic fee required for the new license, less the amount originally submitted for the previous license, plus a change of classification fee required by WAC 230-04-202 or 230-04-203.

(2) Any license upgrade issued by the commission shall be valid only for the remainder of the original term of the license.

Penalty for failing to apply for license upgrade.

(3) Any licensee that fails to comply with the requirements set forth in subsection (1) of this section and exceeds the license

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class limit within a present or previous license year, may be assessed an exceeding class fee not to exceed fifty percent of the difference between the fees for the present license class and the new license class or one thousand dollars, whichever is less. Upon written notice by the commission assessing an exceeding class fee, a licensee shall remit the proper fee plus all upgrade fees within twenty days. Failure to remit such fees may result in a summary suspension of all licenses held by the licensee pending a hearing for the suspension or revocation of such licenses.

Partial refund of license fees when gambling receipts limit is not achieved.

(4) A licensee shall be allowed to apply for a partial refund of its license fee when its annual gross gambling receipts are less than the minimum for the class of license issued. The amount of refund shall be the difference between fees actually paid to operate during the period and those fees that would normally apply to the level of gross gambling receipts actually received during the period. Such request shall be made after the end of any annual license period and prior to the end of the next annual license period.

WAC 230-04-270 BAD CHECKS SUBMITTED AS PAYMENT OF FEES. The payment of a license fee by a check, which for any reason is not promptly paid by the drawee bank, shall be grounds for immediate administrative closure of a new application, voiding of a temporary license, or revocation of a continuing license. If an application or license is administratively closed, voided or revoked under this section, a new application must be submitted with fees payable only by certified check, money order, or cash. Upon notification that a check is not negotiable or when a check must be resubmitted for payment for any reason, the commission shall:

- (1) Add a processing charge of thirty dollars to the required license fee; and
- (2) Notify the applicant by phone or in writing that payment in full, by certified check, money order, or cash, must be remitted within five days of the notification date. If the proper fee is not received within five days, the commission will proceed with appropriate administrative action.

WAC 230-04-280 NOTIFICATION TO LAW ENFORCEMENT. Each licensee for the operation of an authorized gambling activity, within ten days after issuance of the license and before initially conducting any activity under the license, shall notify, in writing, the law enforcement agencies set forth below of the name and address of the licensee, the address where the activity will be conducted, the type of activity licensed, the date the activity shall first be conducted, and if the activity is planned to be conducted on a regular basis, the proposed schedule for the operation of the activity.

When the activity is to be conducted within a city or town, the local police agency shall be notified, and when the activity is to be conducted within a county, then the sheriff's office shall be notified.

No activity shall be initially conducted until such notification has been made.

WAC 230-04-290 LOSS OR DESTRUCTION OF LICENSES OR PERMITS. Upon the loss or destruction of any license or permit granted by the commission to conduct gambling activities in the state of Washington, application for a duplicate copy of the license or permit must be made to the commission upon a form to be supplied by the commission. Such application

shall include an affidavit signed by the licensee, chief executive officer of a corporation, or by each of the owners of a profit making business which details the circumstances under which the license was lost or destroyed. The fee for replacement of a license shall be as required by WAC 230-04-202, 230-04-203, and / or 230-04-204.

WAC 230-04-400 DENIAL, SUSPENSION OR REVOCATION OF LICENSES. The commission may deny a license or permit to any applicant, or may suspend or revoke any and all licenses or permits of any holder, when the applicant or holder, or any other person with any interest in the applicant or holder:

- (1) Commits any act that constitutes grounds under RCW 9.46.075 for denying, suspending, or revoking licenses or permits;
- (2) Has been convicted of, or forfeited bond upon a charge of, or pleaded guilty to, any form of criminal assault, any crime involving a threat of physical harm against another person, or any crime involving an intention to inflict physical harm on another person, whether any of these crimes is a misdemeanor or felony;
- (3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level. This includes, but is not limited to, failure to make required gambling tax payments to local taxing authorities, as supported by a petition submitted by the local taxing authority;
- (4) Is serving a period of probation or community supervision imposed as a sentence for any criminal offense, whether juvenile, misdemeanor, or felony, and whether or not the offense is covered under RCW 9.46.075(4): *Provided*, That each case will be individually analyzed to determine the extent to which the probationary or supervisory status affects the person's qualifications to hold a license or permit;
- (5) Is the subject of an outstanding gross misdemeanor or felony arrest warrant;
- (6) Poses a threat to the effective regulation of gaming or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gaming activities, as demonstrated through the person's prior activities, criminal record, reputation, habits, or associations;
- (7) When other than a charitable or nonprofit organization operates punchboards or pull tabs, or operates or allows card games at any time other than as a commercial stimulant;
- (8) Fails to provide at the office of the commission any information required under the commission's rules within the time required therefor by applicable rule, or if no maximum time has been established respecting the particular kind of information by other rule then within thirty days after receiving a written request therefor from the commission or its staff;
- (9) Allows any person to participate in the management or operation of any activity regulated by the commission without prior written approval of the commission or its director when that person:
 - (a) Has been convicted of, pleaded guilty to, or forfeited bond upon any of the offenses set out in RCW 9.46.075(4);
 - (b) Has violated any other provisions of chapter 9.46 RCW or Title 230 WAC; or
 - (c) Would otherwise be subject to denial or revocation under the provisions of this section.
- (10) If a supplier, manufacturer, financier, or management company knowingly provides or provided goods or services to an entity that is illegally operating gambling activities or was illegally operating gambling activities at the time such goods or services were provided; and

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(11) Commits any other act that the commission determines constitutes a sufficient reason in the public interest for denying, suspending, or revoking licenses or permits.

WAC 230-04-410 RETURN OF LICENSE SUSPENDED OR REVOKED. Upon suspension or revocation of any license issued by the commission, the licensee shall immediately surrender and return the license to the commission. If such license is not received by the commission by the effective date of such suspension or revocation, the authorized representatives of the commission may enter the premises of the licensee and may enter the premises for which the license is issued for the purpose of retrieving said license: *Provided*, That the commission has notified the licensee in writing of the suspension or revocation of the license not less than five days prior to any such attempt to enter such premises to recover the license.

WAC 230-04-450 DISPLAY OF LICENSES. All licenses or permits granted by the commission shall be prominently displayed in the licensee's gaming area and available for inspection by commission staff, law enforcement agents and the public at all times: *Provided*, That individual licenses, as set forth in WAC 230-04-204, shall not be required to be on display but must be available to the public upon request.

WAC 230-04-500 LOCAL GAMBLING PROHIBITIONS. The commission shall issue no license to engage in any gambling activity in a county or city after the commission has been adequately notified in writing by the governing body of such county or city that the activity has been prohibited.

WAC 230-08-122 ANNUAL PROGRESS AND FINANCIAL REPORT – ALL NONPROFIT AND CHARITABLE ORGANIZATIONS. Each charitable or nonprofit organization licensed to conduct gambling activities shall report annually the progress made toward accomplishment of its stated purposes. This report shall be made on a standard form provided by the commission and explain the type and scope of activities that were conducted during the organization's last annual fiscal accounting period. If any applicant has provided such information on an application within the preceding twelve months, only those items that have changed must be reported. This report shall include at least the following information:

(1) A brief history of the organization, including its purpose(s): *Provided*, That only changes in the purposes and organizational structure need to be reported after the initial application;

(2) A written statement setting out the progress made in meeting its organizational purposes(s) during the period and its goals for the future;

(3) Number of membership meetings conducted;

(4) Number of active members, as defined by WAC 230-02-183;

(5) Number of voting members;

(6) The scope of the organization's programs, including:

(a) Number of persons served;

(b) The primary geographical service area; and

(c) Number of volunteer workers and estimation of hours worked;

(8) A list of contributions, scholarships, grants, or sponsorships made during the period. The list must include the following:

(a) The name of each organization or individual receiving a contribution. In the alternative, if a contribution was made to an

individual for charitable purposes, the term "individual contribution" may be used instead of the individual's name. If individual names are omitted, the organization must maintain necessary records to verify and identify the recipient for each individual contribution;

(b) The amount(s);

(c) Date(s) made; and

(d) Whether funds awarded were from gambling income or other funds;

(9) Gross income from all nongambling activities, including the source;

(10) Total expenses for both charitable and nonprofit services;

(11) The percentage or extent to which net gambling income was used for charitable as distinguished from nonprofit purposes;

(12) Revenue and expenses for any nongambling sale activities must be presented separately when conducted primarily in conjunction with gambling activities;

(13) Details of any loans, contracts, or other business transactions with related parties that accumulatively exceed one thousand dollars during the period. "Related parties" is defined as officers, board members, key employees, or members of the organization, including spouses, parents, children, and brothers or sisters of each;

(14) The names, duties performed, total hours worked, and total compensation paid for the following employees:

(a) All employees paid more than forty thousand dollars annually;

(b) Part-time employees paid more than twenty dollars per hour; and

(c) All officers receiving compensation for services rendered;

(15) In addition to information required in subsection (1) of this section, any organization licensed to conduct gambling activities in Group III, IV, or V must submit complete financial statements prepared in accordance with generally accepted accounting practices and all required disclosures or footnotes. Any organization licensed to conduct gambling activities in Groups IV and V must submit financial statements prepared by a licensed certified public accountant. This information must be submitted no later than one hundred twenty days following the end of the organization's fiscal year. The financial statements must include:

(a) A statement of financial position;

(b) A statement of activities. This statement may be presented in a consolidated form if details of each component are provided as supplemental information. Revenue and expenses for each activity must be presented separately as follows:

(i) Each gambling activity;

(ii) Retail sales conducted in conjunction with gambling activities;

(c) A statement of cash flows;

(d) A statement of functional expenses;

(e) In addition to all disclosures required by generally accepted accounting principles, the financial statements must disclose the following:

(i) Loans to or from officers, board members, and employees; *Provided*, That employee salary advances of five hundred dollars or less will not be considered as loans. Details of all terms including interest rates and payment schedules, must be disclosed;

(ii) All civil penalties, fines, bribes, or embezzlements incurred or discovered during the period; and

(iii) An explanation of any adjustments made to prior period capital accounts or net asset balances;

(f) An explanation of material differences between amounts reported on gambling activity reports and the financial statements;

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(16) The commission may require additional information to ensure completeness of the information reporting including selected information covering the period from the end of the fiscal year reported and the license renewal date;

(17) The commission may grant an organization additional time to submit the information required if a written request is received prior to the due date. Any request for additional time shall be signed by the president, include a statement setting out the hardship necessitating the delay, and the expected date the required report(s) will be submitted;

(18) The commission may request any organization licensed to conduct gambling activities in Group II to submit financial statements and other information required by this rule in order to evaluate the organization's qualification.

WAC 230-12-076 REGULATION OF CHARITABLE AND NONPROFIT ORGANIZATIONS – ASSIGNMENT TO REGULATORY GROUPS. Each charitable or nonprofit organization shall comply with licensing and operating requirements applicable to the scope of activity it has been authorized to conduct. Each organization will be assigned to a regulatory group that is based upon the authorized gambling gross receipts of all combined licenses issued to the organization. The following regulatory groups are established:

(1) Group I - Any organization requesting to be certified to conduct gambling activities with combined annual gross receipts up to three hundred thousand dollars;

(2) Group II - Any organization requesting to be certified to conduct gambling activities with combined annual gross receipts up to one million dollars;

(3) Group III - Any organization requesting to be certified to conduct gambling activities with combined annual gross receipts up to three million dollars;

(4) Group IV - Any organization requesting to be certified to conduct gambling activities with combined annual gross receipts up to five million dollars;

(5) Group V - Any organization requesting to be certified to conduct gambling activities with combined annual gross receipts that exceed five million dollars.

WAC 230-12-305 LICENSEE REQUIRED TO SUBMIT UPDATED DOCUMENTS OR INFORMATION. In addition to any other requirements set forth in these rules, persons licensed by the commission shall submit any new or updated documents or information including, but not limited to, the following:

(1) Articles of incorporation or by laws, or any other documents which set out the organizational structure and purposes;

(2) Internal Revenue Service tax exemption status (charitable/nonprofit organizations only);

(3) All contracts and agreements, whether oral or written which relate to gambling activities or alter the organizational structure of the licensee or its business activities in Washington state; and

(4) All cash or asset contributions, draws from lines of credit, and loans, from other than recognized financial institutions, which individually or collectively exceed a total of ten thousand dollars during any calendar year: Provided, That cash or asset contributions do not include donations to licensed charitable or nonprofit organizations.

Submission timeline.

(5) The new or updated documents and/or information shall be submitted to the commission no later than sixty days following the transaction(s) date.

WAC 230-12-310 LICENSEES TO REPORT TO THE COMMISSION CIVIL, CRIMINAL AND ADMINISTRATIVE ACTIONS FILED AGAINST THEM.

(1) Each licensee shall report to the commission within fourteen days, all criminal actions filed against the licensee or the licensee's president, chief executive officer, chairman of the board, treasurer (chief financial officer), partner, person holding a substantial interest or manager of the licensed gambling activity. The final disposition of the case must be received by the commission within thirty days after the final disposition.

(2) Each licensee shall report to the commission within thirty days, all civil and administrative actions filed by or against persons listed in subsection (1) of this section that involve ownership or control of the business, dissolutions, actions significantly affecting business interests, such as patent or copyright infringement and all administrative actions from other gambling regulatory agencies, including those from other countries and Indian tribes. The final disposition of the case must be received by the commission within thirty days of the final disposition.

(3) The report shall consist of a complete copy of the original documents filed. The licensee shall notify the commission of the final disposition of the case and include a copy of the final documents filed including, but not limited to, settlement agreements.

(4) The director may exempt reporting specific types of civil actions upon written request and for good cause shown.

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RCW 9.46.0209 "BONA FIDE CHARITABLE OR NONPROFIT ORGANIZATION" "Bona fide charitable or nonprofit organization," as used in this chapter, means: (1) Any organization duly existing under the provisions of chapter 24.12, 24.20, or 24.28 RCW, any agricultural fair authorized under the provisions of chapters 15.76 or 36.37 RCW, or any nonprofit corporation duly existing under the provisions of chapter 24.03 RCW for charitable, benevolent, eleemosynary, educational, civic, patriotic, political, social, fraternal, athletic or agricultural purposes only, or any nonprofit organization, whether incorporated or otherwise, when found by the commission to be organized and operating for one or more of the aforesaid purposes only, all of which in the opinion of the commission have been organized and are operated primarily for purposes other than the operation of gambling activities authorized under this chapter; or (2) any corporation which has been incorporated under Title 36 U.S.C. and whose principal purposes are to furnish volunteer aid to members of the armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other national calamities and to devise and carry on measures for preventing the same. Such an organization must have been organized and continuously operating for at least twelve calendar months immediately preceding making application for any license to operate a gambling activity, or the operation of any gambling activity authorized by this chapter for which no license is required. It must have not less than fifteen bona fide active members each with the right to an equal vote in the election of the officers, or board members, if any, who determine the policies of the organization in order to receive a gambling license. An organization must demonstrate to the commission that it has made significant progress toward the accomplishment of the purposes of the organization during the twelve consecutive month period preceding the date of application for a license or license renewal. The fact that contributions to an organization do not qualify for charitable contribution deduction purposes or that the organization is not otherwise exempt from payment of federal income taxes pursuant to the internal revenue code of 1954, as amended, shall constitute prima facie evidence that the organization is not a bona fide charitable or nonprofit organization for the purposes of this section.

Any person, association or organization which pays its employees, including members, compensation other than is reasonable therefor under the local prevailing wage scale shall be deemed paying compensation based in part or whole upon receipts relating to gambling activities authorized under this chapter and shall not be a bona fide charitable or nonprofit organization for the purposes of this chapter.

For the purposes of RCW 9.46.0315 and 9.46.110, a bona fide nonprofit organization also includes a credit union organized and operating under state or federal law. All revenue less prizes and expenses received from raffles conducted by credit unions must be devoted to purposes authorized under this section for charitable and nonprofit organizations.

RCW 9.46.0261 "MEMBER," "BONA FIDE MEMBER." "Member" and "bona fide member," as used in this chapter, mean a person accepted for membership in an organization eligible to be licensed by the commission under this chapter upon application, with such action being recorded in the official minutes of a regular meeting or who has held full and regular membership status in the organization for a period of not less than twelve consecutive months prior to participating in the management or operation of any gambling activity. Such membership must in no way be dependent upon, or in any way related to, the payment of consideration to participate in any gambling activity.

Member or bona fide member shall include only members of an organization's specific chapter or unit licensed by the commission or otherwise actively conducting the gambling activity: PROVIDED, That:

(1) Members of chapters or local units of a state, regional or national organization may be considered members of the parent organization for the purpose of a gambling activity conducted by the parent organization, if the rules of the parent organization so permit;

(2) Members of a bona fide auxiliary to a principal organization may be considered members of the principal organization for the purpose of a gambling activity conducted by the principal organization. Members of the principal organization may also be considered members of its auxiliary for the purpose of a gambling activity conducted by the auxiliary; and

(3) Members of any chapter or local unit within the jurisdiction of the next higher level of the parent organization, and members of a bona fide auxiliary to that chapter or unit, may assist any other chapter or local unit of that same organization licensed by the commission in the conduct of gambling activities.

No person shall be a member of any organization if that person's primary purpose for membership is to become, or continue to be, a participant in, or an operator or manager of, any gambling activity or activities.

RCW 9.46.300 LICENSES AND REPORTS – PUBLIC INSPECTION – EXCEPTIONS AND REQUIREMENTS – CHARGES. All applications for licenses made to the commission, with the exception of any portions of the applications describing the arrest or conviction record of any person, and all reports required by the commission to be filed by its licensees on a periodic basis concerning the operation of the licensed activity or concerning any organization, association, or business in connection with which a licensed activity is operated, in the commission files, shall be open to public inspection at the commission's offices upon a prior written request of the commission. The Staff of the Commission may decline to allow an inspection until such time as the inspection will not unduly interfere with the other duties of the staff. The commission may charge the person making a request for an inspection an amount necessary to offset the costs to the commission of providing the inspection and copies of any requested documents.